



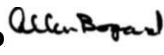




CITY COUNCIL

AGENDA REQUEST

AGENDA OF:	02-04-14	AGENDA REQUEST NO:	III-B
INITIATED BY:	JENNIFER BROWN	RESPONSIBLE DEPARTMENT:	FINANCE
PRESENTED BY:	JENNIFER BROWN DIRECTOR OF FINANCE	DIRECTOR:	JENNIFER BROWN 
		ADDITIONAL DIRECTOR (S):	N/A
SUBJECT / PROCEEDING:	FIRE PROTECTION FEES SECOND READING OF ORDINANCE NO. 1946 AMENDING THE FEE FOR FIRE PROTECTION SERVICES		
EXHIBITS:	ORDINANCE NO. 1946		
CLEARANCES		APPROVAL	
LEGAL:	EUGENIA CANO FIRST ASST. CITY ATTORNEY 	EXECUTIVE DIRECTOR:	MIKE GOODRUM 
PURCHASING:	N/A	ASSISTANT CITY MANAGER:	N/A
BUDGET:	JENNIFER BROWN  DIRECTOR OF FINANCE	CITY MANAGER:	ALLEN BOGARD 
BUDGET			
EXPENDITURE REQUIRED: \$		N/A	
CURRENT BUDGET: \$		N/A	
ADDITIONAL FUNDING: \$		N/A	
RECOMMENDED ACTION			
Consideration and Approval of Ordinance No. 1946 amending the fee for fire protection services in the City's extraterritorial jurisdiction.			

EXECUTIVE SUMMARY

In accordance with the Strategic Partnership Agreement (SPA) between the City of Sugar Land and the New Territory Municipal Utility Districts the City is to calculate the full cost of fire service as of October 1st of each year, and any change to the monthly rate shall be effective as of January 1 of the following year. While the cost of service calculation is contractual with these districts, the City has adopted the fee by ordinance so that it may be uniformly applied to other districts contracting for fire services and paying the full cost.

In October 2013, the City engaged Whitley Penn., LLP to review the source data and calculate the cost of service as defined in the SPA; the calculation performed by Whitley Penn confirmed that the methodology used by the City is consistent with the formula defined by the SPA. This report has been shared with the districts. Adjustments to the cost of service calculated for 2011-2013 will be made and any credits owed will be applied to the districts balance.

The calculations performed by Whitley Penn confirmed the cost of service calculation used to establish the fee for fire protection services to be effective January 1, 2014. However, the City and the districts have determined that the cost of service calculated for 2013 and 2014 contained a duplication of fire administration costs. The calculation for 2011-12 was correct. To correct the duplication in the 2013 & 2014 calculations, the City is revising its method of allocating indirect and overhead costs by excluding allocated costs from Fire Administration from the final calculation of the overhead & indirect costs used in the formula. We have calculated the revised amount due for 2013 and recommend applying a credit to the districts accounts to account for the adjustment.

The resulting adjustment to the allocation of overhead costs results in a decrease in the cost of fire protection services for 2014. City staff recommends that City Council amend the fee for fire protection services to reflect the lower cost of \$16.35 per ESFC per month, effective for bills issued after the ordinance is adopted, which will cover services as of January 1, 2014.

This issue has been discussed at length with the Council Finance/Audit and Intergovernmental Relations Committees. Both committees concurred with staff's recommendation to amend the fee for 2014 to eliminate the duplication of fire administrative cost for the 2014 fee. The Finance/Audit Committee also recommends that the City credit the affected districts accounts for amounts already paid as shown in the table below, which encompasses the adjustments from the Whitley Penn calculations and the revised overhead allocation for the 2013 calculation. The New Territory districts also pay an additional 20% Out of City Service Fee that will be credited accordingly.

	<i>Credit for WP calculated cost of service</i>	<i>Credit for revised overhead alloc</i>	<i>Cumulative Credit 2011-2013</i>
New Territory :			
MUD 67	\$ 2,437.98	\$ 5,316.30	\$ 7,754.28
MUD 68	2,746.70	5,989.50	8,736.20
MUD 69	1,368.12	2,989.80	4,357.92
MUD 111	2,633.20	5,742.00	8,375.20
MUD 112	2,842.04	6,197.40	9,039.44
Riverstone: MUD 128	911.56	2,867.76	3,779.32
	\$ 12,939.60	\$ 29,102.76	\$ 42,042.36

The 2014 fee will be effective for billings after the ordinance is adopted, which will cover services beginning January 2014.

EXHIBITS

ORDINANCE NO. 1946

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SUGAR LAND, TEXAS, AMENDING CHAPTER 5, ARTICLE IX, DIVISION 1, SECTION 5-375(b) OF THE CODE OF ORDINANCES BY REVISING THE FIRE PROTECTION SERVICES FEE FOR DISTRICTS IN THE CITY'S EXTRATERRITORIAL JURISDICTION.

**BE IT ORDAINED BY THE CITY COUNCIL
OF THE CITY OF SUGAR LAND, TEXAS:**

Section 1. That Chapter 5, Article IX, Division 1, Section 5-375(b) of the Code of Ordinances is amended to read as follows:

“(b) Each district that contracts with the city to receive fire protection services from the city must pay a monthly fee of \$16.35 per fire service connection, per month, for the full cost of fire service.”

Section 2. That the provisions of this Ordinance are severable and the invalidity of any part of this Ordinance will not affect the validity of the remainder of the Ordinance.

Section 3. That the amendment to Chapter 5, Article IX, Division 1, Section 5-375(b) of the Code of Ordinances, as established in Section 1 of this Ordinance, is effective with bills issued after the effective date of this Ordinance.

APPROVED on first consideration on January 21, 2014.

ADOPTED on second consideration on _____, 2014.

James A. Thompson, Mayor

ATTEST:

APPROVED AS TO FORM:

Eugenia A. Cano

Glenda Gundermann, City Secretary